

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF G&G	) APPEAL NO. 07-A-2671
ASSOCIATES from the decision of the Board of	) FINAL DECISION
Equalization of Valley County for tax year 2007.	) AND ORDER

**RESIDENTIAL PROPERTY APPEAL**

THIS MATTER came on for hearing February 8, 2008, in Cascade, before Hearing Officer Travis VanLith. Board Members Lyle R. Cobbs, David E. Kinghorn, and Linda S. Pike participated in this decision. Jane Gabbert and witness Hugh McNair appeared for Appellant G&G Associates. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi, and Appraiser June Fulmer appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RPM04810000040A.

**The issue on appeal is the market value of an improved residential property.**

**The decision of the Valley County Board of Equalization is reversed.**

FINDINGS OF FACT

Subject's land value is \$85,970, and the improvements' valuation is \$442,640, totaling \$528,610. At hearing, Appellant asked subject's total assessment be reduced to \$500,000.

Subject is a .04 acre lot located in a McCall residential subdivision. Appellant purchased the lot in August 2004 for \$50,000. Attached is a 1,587 square foot residence built in early 2005.

Appellant first expressed confusion over receiving three (3) separate assessment notices for subject. The first notice valued subject at \$477,510, the second at \$454,840, and the third placed subject's total value at \$528,610.

In the documentation attached to the appeal form, Appellant alleged inequitable assessment of subject compared to other properties in the subdivision. Appellant stated there

were four or five other properties in the subdivision with the exact lot and improvement sizes as subject, yet were assessed differently. After receiving the tax notice in late 2007, Appellant realized subject was valued the same as the other properties referenced above. As such, Appellant did not argue inequitable assessment at hearing.

Appellant also provided an appraisal report for a neighboring property dated August 17, 2007. It was noted subject was exactly the same size, age, and condition as the property valued in the appraisal report. The report concluded the neighboring property's value to be \$500,000. Included in the report were three (3) improved sales. Two sales occurred during 2006 for \$470,000 and \$367,000, respectively. The remaining property sold in January 2007 for \$330,000. Adjustments were made for differences in the sale properties compared to subject. The adjusted sale prices were between \$463,415 and \$523,285.

Respondent began by explaining the reason Appellant received three (3) separate assessment notices. After the first notice was mailed, Respondent re-examined market data and determined land values in subject's area were over-assessed and improvements were slightly under-assessed. The second assessment notice was sent reflecting the corresponding changes. Subsequently, the state examined Respondent's data and determined residential improvement values in the City of McCall were under-valued and mandated an increase. Accordingly, Respondent trended all residential improvements in McCall upward by 20%, which was reflected in the third assessment notice.

Respondent mentioned Idaho Code requires property be assessed at market value for tax purposes and further contended state guidelines mandated that property be assessed within 10% of market value. Considering this, Respondent noted subject's assessment was approximately 5% above Appellant's value claim and reasoned if subject was over-valued, the

amount did not exceed the 10% threshold contained in the state guidelines.

Respondent then submitted assessment information for properties located in subject's subdivision. It was shown the lots and improvements were uniformly valued, with minor variances due to differences in residential floor plans and corresponding square footage variances.

### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho requires property be assessed at market value as defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Idaho Code further mandates property be valued on January 1 of the applicable tax year; January 1, 2007 in the present case. See Idaho Code § 63-205.

Respondent presented assessment information for properties located in subject's subdivision to demonstrate uniform assessment. Respondent's point was adequately proven, however, the question to be resolved in this appeal is not uniformity, but the market value of subject. Comparing assessed values is not considered good evidence of market value. Respondent failed to present sales data or other information to support subject's assessment,

so we must look to Appellant's evidence for guidance.

The Idaho Supreme Court has recognized three (3) methods for determining market value.

[T]here are three primary methods of determining market value: the cost approach, in which the value as determined by new cost or market comparison is estimated and reduced by accrued depreciation; the income approach, applicable to "income producing property" in which a capitalization rate is determined from market conditions and applied to net income from the property to determine appraised value; and the market data (comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Appellant's appraisal report utilized both the cost approach and the market data approach to arrive at values of \$503,500 and \$500,000, respectively. As noted above, the subject of the appraisal was the property of Appellant's neighbor. Subject was shown to be exactly the same as the property in the appraisal in terms of size, age, condition, and floor plan. As such, it seems reasonable to consider the appraisal report as evidence of subject's value.

As referenced above, Idaho requires property be valued on January 1, 2007. This is important because the appraisal report is dated August 17, 2007, which is well beyond the January lien date. Accordingly, the value conclusions reached in the appraisal report cannot be considered reliable indicators of subject's value on January 1, 2007. This fact however, does not mean the sales contained in the appraisal cannot be examined and used.

The appraisal report examined three sales to arrive at the reported value. Two (2) sales occurred in 2006 for \$470,000 and \$367,000 and the remaining sale transpired in January 2007 for \$330,000. After adjustments for differences compared to subject, the adjusted sale prices were between \$463,415 and \$523,285. Subject was assessed at \$528,610.

Respondent did not challenge the comparability of the sale properties in the appraisal report or otherwise attempt to distinguish subject. Further, the Board cannot find any notable differences between the sale properties and subject or any other indication the properties should not be considered reasonable indicators of subject's value. So while the conclusions reached in the appraisal cannot be used for the purposes of this appeal, the data used to reach those conclusions can be considered.

As noted above, one sale occurred in January 2007, which is beyond the statutory lien date and thus will not be considered here. The remaining two sales occurred in November and December 2006 for \$367,000 and \$470,000, respectively. As subject was assessed nearly \$60,000 above the highest sale price, questions of reasonable assessment are apparent. Appellant has asked this Board to reduce subject's total value to \$500,000. As this is still \$30,000 above the highest 2006 sale price, the request seems reasonable and will be granted. The decision of the Valley County Board of Equalization is therefore, reversed to reflect subject's total value in the amount of \$500,000.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed, lowering the total assessed value to \$500,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED APRIL 3, 2008